

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OMB-01 FRB-03

CIAE-00 INR-07 NSAE-00 L-03 SP-02 /033 W

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R 170808Z DEC 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8423

C O N F I D E N T I A L HONG KONG 14867

E.O. 11652: GDS

TAGS: BBAK, HK, SN

SUBJECT: CALIFORNIA BANKING COMMISSION INVESTIGATION OF AMOS DAWE

REF: A) STATE 251062, B) HONG KONG 12449, C) HONG KONG 12549

1. SUMMARY: CONGEN HAS RECEIVED VISITS FROM AMOS DAWE ACCOMPANIED BY LEONARD RAYNOR AND, APPROXIMATELY ONE WEEK LATER, FROM RAYMONDE SACKLYN, PUBLISHER OF TARGET, A LOCAL SCANDAL SHEET WHICH HAS PRECIPITATED MOST OF DAWE'S CURRENT TROUBLES. THE CRUX OF THE PROBLEM ACCORDING TO DAWE, IS THAT MOSCOW NARODNY BACK CUT OFF HIS CREDIT FOR NO APPARENT REASON AND MUCH MORE SUDDENLY THAN NORMAL BACKING PRACTICE. END SUMMARY.

2. DAWE IMPLIED DARK MOTIVES ON THE PART OF MNB, MOST LIKELY AN ATTEMPT TO DESTROY BUSINESSES IN SOUTH EAST ASIA. HE SAID HE NO LONGER HAD ANY INTEREST IN ANY CALIFORNIA BANK AND HE ASSUMED THE BANKS IN QUESTION WERE NOW OWNED BY MNB. AS BOTH HIS ENGLISH AND HIS FINANCIAL ARRANGEMENTS SEEMED HIGHLY CONFUSED, WE WERE UNABLE TO DERIVE A CLEAR PICTURE OF THE CURRENT STATUS OF HIS DEALINGS. IT WAS CLEAR, HOWEVER, THAT HE HAD COME TO THE CONSULATE IN DESPERATION AND ALSO FOR THE PURPOSE OF GETTING IN A FEW RETURN KICKS AT MNB.

3. APPROXIMATELY ONE WEEK LATER, WE RECEIVED A FURTIVE VISIT FROM RAYMONDE SACKLYN, WHO SAID HE WAS ABOUT TO EXPOSE DAWE'S AND MOSBERT HOLDINGS' INSOLVENCY AND SHADY DEALINGS WITH THE RUSSIANS. AFTER HE LEF THE CONSULATE, HE SAID, HE WAS GOING TO
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THE HONG KONG POLICE TO TELL THEM THE SAME THING, AND THEN HE

WOULD PUBLISH HIS ARTICLES. SACKLYN GAVE US NO INFORMATION THAT WE DID NOT ALREADY HAVE FROM DAWE. WHAT WAS NEW, HOWEVER, WAS HIS BELIEF THAT IT WAS ALL PART OF A SOVIET STRATEGY TO GAIN CONTROL OF COMPANIES IN SINGAPORE, HONG KONG, AUSTRALIA AND CALIFORNIA. IF THAT IS TRUE, WE HAVE SOME DIFFICULTY IN APPRECIATING THE BENEFIT OF OWNING A BUCH OF BANKRUPT COMPANIES. THE ISSUE HAS NOW MADE HEADLINES IN HONG KONG AND THE SECURITIES COMMISSION HAS SUSPENDED TRADING IN MOSBERT HOLDINGS AND ASIA LANDS AND PROPERTIES, TWO OF DAWE'S COMPANIES.

4. COMMENT IT IS POSSIBLE THAT MNB'S DECISION TO DROP AMOS DAWE LIKE A HOT POTATO RESULTED FROM THE ADVERSE PUBLICITY HE HAD BEEN RECEIVING (REF C) FROM HIS ATTEMPTS TO BUY CALIFORNIA BANKS, FROM HIS SHAKY FINANCIAL SITUATION, FROM A GENERAL NEED TO TIGHTEN UP ITS OPERATIONS, OR SOME COMBINATION OF THESE. IN ANY EVENT, WE WOULD BE INTERESTED IN KNOWING WHETHER THE CALIFORNIA BANKING COMMISSION IS AWARE OF THESE DEVELOPMENTS AND WHETHER IT KNOWS WHO NOW OWNS DAWE'S ERSTWHILE CALIFORNIA BANKS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975HONGK14867
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750438-0398
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751232/aaaabcfq.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 251062, 75 HONG KONG 12449, 75 HONG KONG 12549
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2003 by BoyleJA>; APPROVED <30 OCT 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CALIFORNIA BANKING COMMISSION INVESTIGATION OF AMOS DAWE
TAGS: BBAK, HK, SN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006